

THE RAPTOR GLOBAL PORTFOLIO LTD.

By: Raptor Capital Management LP

By: 

Name:

Title:

**Brian Daly**

**General Counsel**

THE ALTAR ROCK FUND L.P.

By: Raptor Management GP LLC

By: 

Name:

Title:

**Brian Daly**

**General Counsel**

Address for Notice for Each of the Above Holders:

c/o Raptor Capital Management LP

50 Rowes Wharf, 6<sup>th</sup> Floor

Boston, MA 02110

Attn: General Counsel

Schedule 1

Holder	Par Amount of Notes Held
GoldenTree Asset Management, LP	23,031,000
Total	23,031,000

Schedule 1

Holder	Par Amount of Notes Held
Goldman, Sachs & Co.	\$43,944,000
Total	\$43,944,000

Schedule 1

Holder	Par Amount of Notes Held
HIGHLAND CREDIT OPPORTUNITIES CDO LTD.	11,329,000
HIGHLAND CRUSADER OFFSHORE PARTNERS, L.P.	30,305,000
HIGHLAND CREDIT STRATEGIES HOLDING CORPORATION	692,000
Highland restoration Capital Partners, L.P.	102,582,000
Total	144,908,000

Schedule 1

Holder	Par Amount of Notes Held
Gordel Holdings Limited	1,468,685
Goldman Sachs & Co. Profit Sharing Master Trust	927,700
OZ Master Fund, Ltd.	67,979,000
OZ Global Special Investments Master Fund, L.P.	777,000
Total	71,152,385

Schedule 1

Holder	Par Amount of Notes Held
Plainfield Special Situations Master Fund Limited	\$77,716,014
Total	<b>\$77,716,014</b>

Schedule 1

Holder	Par Amount of Notes Held
The Raptor Global Portfolio LTD.	57,974,000
The Altar Rock Fund L.P.	71,000
Total	58,045,000

Exhibit A

[See Attached Term Sheet]

[Support Agreement]



**THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS WITH RESPECT TO ANY RESTRUCTURING OR PLAN OF REORGANIZATION OR AN OFFER OR SOLICITATION FOR THE SALE OF SECURITIES OF ANY KIND.**

***PRELIMINARY INDICATION OF TERMS  
FOR PROPOSED RESTRUCTURING OF DBSD NORTH AMERICA, INC.***

May 14, 2009

This term sheet ("Term Sheet") describes certain of the principal terms of a proposed restructuring (the "Restructuring") for DBSD North America, Inc. (formerly known as ICO North America, Inc., "DBSD"). DBSD is currently a 99.84% owned subsidiary of ICO Global Communications (Holdings) Limited ("ICO Global" or the "Existing Stockholder"). As described in greater detail herein, the Restructuring shall be consummated through a "Pre-Arranged" chapter 11 Plan of Reorganization (the "Pre-Arranged Plan") pursuant to voluntary chapter 11 petitions for relief to be filed with the United States Bankruptcy Court of the Southern District of New York (the "Bankruptcy Court"). This Term Sheet has been produced for discussion and settlement purposes only. It is subject to the parties' agreement that it shall not be used as evidence in any litigation and is subject to the provisions of Rule 408 of the Federal Rules of Evidence and other similar applicable rules under federal and state law.

This Term Sheet and the proposals contained herein are subject to, among other conditions, the completion of appropriate legal, financial and other due diligence by the Principal Holders (as defined below) and their legal and financial advisors. As used herein, the term "Holders" refers to holders of DBSD's outstanding 7.5% Convertible Senior Secured Notes due 2009 (the "Notes"), and the term "Principal Holders" refers to those Holders set forth on Attachment 1, who have engaged in discussions with DBSD and ICO Global with respect to the Restructuring over time, which discussions are reflected in this Term Sheet.

**The Restructuring**

The Restructuring set forth in this Term Sheet is intended to be effected through the Pre-Arranged Plan, pursuant to which the Holders, as a class, shall receive shares of common stock of the restructured DBSD (the "Common Stock") representing, in the aggregate, 94.9919% of the Common Stock to be outstanding immediately following the Restructuring, subject only to dilution by the issuance of the Warrants (as defined below).

**Implementation of the Restructuring**

DBSD, ICO Global and the Principal Holders shall mutually agree upon the definitive documentation required for the Restructuring (the "Definitive Restructuring Documents"), which shall reflect the terms and conditions set forth herein and such other terms and conditions as shall be acceptable to the Principal Holders, ICO Global and DBSD.

DBSD shall solicit acceptances of a Plan of Reorganization on the terms set forth herein and such other terms as are mutually acceptable to the Principal Holders, ICO Global and DBSD. Such Pre-Arranged Plan shall be approved pursuant to section 1129 of the Bankruptcy Code with respect to all classes of claims and interests.

**Other Equity Interests in DBSD**

All options, warrants, and other agreements or rights to acquire DBSD equity interests (including any arising under or in connection with any employment agreement or any incentive plan or any benefit plan or the like) existing prior to the consummation of the Restructuring, shall be cancelled upon the consummation of the Restructuring without any further action or the payment of any consideration.

In connection with the Restructuring, the Existing Stockholder shall receive (i) shares of Common Stock equal to 5.00% of the shares of Common Stock in DBSD to be outstanding immediately following the Restructuring, and (ii) warrants (the "Warrants") to acquire 10.00% of the Common Stock (after taking into account the Common Stock outstanding immediately following the Restructuring). The other shareholders in DBSD shall hold shares of Common Stock following the Restructuring equal to 0.0081% of the Common Stock.

The Warrants shall have an exercise price of \$0.01 per share, and shall be exercisable only upon a Valuation Event. The Warrants shall be issued in three tranches and shall be identical except as set forth below:

- (i) Warrants representing 5.00% of the Common Stock shall be exercisable if the aggregate Equity Valuation upon a Valuation Event is equal to or greater than \$1.0 billion; plus

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- (ii) Warrants representing 2.50% of the Common Stock shall be exercisable if the aggregate Equity Valuation upon a Valuation Event is equal to or greater than \$1.5 billion; plus
- (iii) Warrants representing 2.50% of the Common Stock shall be exercisable if the aggregate Equity Valuation upon a Valuation Event is equal to or greater than \$2.0 billion.

In the event that the Warrants are extended as described below so that they are exercisable after the second anniversary of the consummation of the Restructuring, the relevant valuation thresholds set forth above shall be increased at the rate of 30% per annum (or portion thereof) beginning on the second anniversary of the consummation of the Restructuring.

The Warrants shall expire on the second anniversary of the consummation of the Restructuring (the “Warrant Term”); provided, that:

- (i) if DBSD enters into binding definitive documents (which have been approved by the new board) for the consummation of a Valuation Event prior to the second anniversary of the consummation of the Restructuring, then the Warrant Term shall be extended until the earlier of (a) the closing of such Valuation Event and (b) the termination or abandonment of such Valuation Event (but only with respect to such Valuation Event);
- (ii) if DBSD shall have entered into a binding definitive agreement for the consummation of a business combination (which has been approved by the new board of DBSD) with the company that has been identified to the Principal Holders in writing on the date hereof (the “Identified Company”) within twelve months of the consummation of the Restructuring, then the Warrant Term shall be extended until the later of (a) the third anniversary of the consummation of the Restructuring, (b) the closing of the transaction with the Identified Company, and (c) the termination or abandonment of the transaction with the Identified Company (but only with respect to such transaction if the event in clauses (b) or (c) is after such third anniversary);

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- (iii) if the Warrant Term has been extended until the third anniversary of the consummation of the Restructuring and DBSD enters into binding definitive documents with respect to a Valuation Event during such time, then the Warrant Term shall be extended until the earlier of (a) the closing of such Valuation Event and (b) the termination or abandonment of such Valuation Event (but only with respect to such Valuation Event).

The Warrants shall provide for appropriate adjustments in the event of stock splits, stock recombination, conversion of the Common Stock into other securities or other similar events. The Warrants shall be non-transferable and shall contain terms and conditions acceptable to the Principal Holders, ICO Global and DBSD.

“Valuation Event” means a Sale Event, a Public Merger Event, a Qualified Offering, a Liquidation Event or an Asset Sale Event.

“Sale Event” means the cash acquisition by any person of a controlling interest in DBSD.

“Public Merger Event” means any merger, business combination or acquisition involving DBSD, or all or substantially all of the assets of DBSD, where the surviving company or acquiror is a public reporting company and the consideration paid to the stockholders of DBSD consists of equity securities that are listed on a United States national securities exchange.

“Qualified Offering” means a bona fide underwritten public offering by a nationally recognized investment banking firm registered under the Securities Act (i) that results in gross proceeds to DBSD of not less than \$150 million; and (ii) following which the Common Stock is listed on a United States national securities exchange.

“Liquidation Event” means the dissolution or liquidation of DBSD.

“Asset Sale Event” means the sale, for cash, of all or substantially all of the assets of DBSD and its subsidiaries, on a consolidated basis.

“Equity Valuation” means the aggregate value for the number of shares of Common Stock outstanding immediately following the Restructuring (appropriately adjusted for stock splits, recombinations and similar events) (the “Original Shares”) based on (i) in the case of a Sale Event, the actual value per share received in respect of the Original Shares as a result of the Sale Event; (ii) in the case of a Public Merger Event, the per share VWAP of the equity securities received in such transaction in respect of the Original Shares during any Reference Period following such Public Merger Event and ending prior to the expiration date of the Warrants; (iii) in the case of a

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Qualified Offering, the per share VWAP of the Original Shares during any Reference Period following the Qualified Offering and ending prior to the expiration date of the Warrants; (iv) in the case of an Asset Sale Event, the per share value of the Original Shares, after reduction for all liabilities (including contingent liabilities) of DBSD, of the consideration received by DBSD as a result of the sale; and (v) in the case of a Liquidation Event, the per share value of the consideration received by DBSD Stockholders in respect of the Original Shares as a result of the Liquidation Event; in each case increased by the aggregate value of any dividends or distributions made to DBSD stockholders from the date of the consummation of the Restructuring until the Valuation Event.

“Reference Period” means, any period of 40 consecutive trading days during which (a) the equity securities in question during each such day have a daily trading volume not less than \$13 million, (b) no Holder is subject to any lock-up or similar agreement which has not fully expired or been terminated, (c) no holder is subject to any “black out” or other trading restriction imposed by the issuer (including as a result of being affiliated with any director or having received any information from DBSD) and (d) the issuer has maintained the effectiveness of a shelf registration enabling all of the Holders to freely transfer shares of Common Stock under the Securities Act of 1933, as amended (the “Securities Act”).

**Treatment of Other  
Classes of Claims**

The obligations owed to other creditors of DBSD not specifically addressed herein (“Other Creditors”) will remain outstanding under their current terms; provided, that DBSD and the Principal Holders shall mutually agree upon the treatment for the Other Creditors.

**Treatment of Auction  
Rate Securities**

DBSD shall not sell, transfer, liquidate or otherwise monetize (collectively, a “Sale”) any Auction Rate Security (as defined in the Forbearance Agreement) without the prior consent of the Principal Holders unless such Sale results in gross proceeds to DBSD of not less than the par or stated value of such Auction Rate Security, provided, however, that DBSD may pledge any Auction Rate Security issued by UBS as collateral to UBS pursuant to the terms of the UBS Facility (as defined in the Forbearance Agreement), and the Principal Holders agree to take such other action reasonably necessary to effect their consent to the action set forth in the foregoing proviso.

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<b>Working Capital</b>	DBSD's working capital needs are to be met based on best market option/capital raising options. The existing working capital facility may be refinanced in whole or in part by an affiliate of ICO Global, but (i) the terms and conditions of any such refinancing must be acceptable to the Principal Holders and (ii) all Holders must be offered a pro rata right to participate in any such refinanced working capital facility.
<b>Board of Directors of Restructured DBSD</b>	<p>The Board of Directors of DBSD shall be comprised of five to ten members, with one member being designated by the Existing Stockholder, and the remaining members being designated by the Holders in their sole discretion on terms to be negotiated among the Holders.</p> <p>Each new Board member shall be entitled to execute a D&amp;O Indemnification Agreement in form reasonably acceptable to such member and DBSD upon his or her appointment.</p>
<b>Transition Services</b>	The provision of transition services by DBSD to ICO Global and vice versa to be formalized in a transition services agreement. The agreement shall provide for appropriate transition periods and that all third party services shall be passed through at cost.
<b>Registration Rights Agreement</b>	DBSD shall execute a registration rights agreement in form and substance mutually acceptable to the Principal Holders and the Existing Stockholder upon consummation of the Restructuring.
<b>Stockholders' Agreement</b>	<p>A Stockholders' Agreement in form and substance mutually acceptable to the Principal Holders and the Existing Stockholder shall have been executed by DBSD, the Holders and the Existing Stockholder on or prior to the consummation of the Restructuring.</p> <p>The Stockholder Agreement will provide that the Holders will agree to vote their respective shares against any proposed reverse stock split, merger or recapitalization that results in a "squeeze out" or cancellation of any Warrants or Common Stock held by the Existing Stockholder unless such transaction provides for the receipt of consideration of the same type and amount, on a per share basis, by all outstanding shares of Common Stock of DBSD (it being understood that any such transaction may provide for per share consideration below any of the valuation thresholds for the exercise for the Warrants, in which case the holders of the Warrants would not be entitled to exercise the Warrants in connection with any such transaction).</p>



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**Agreements with  
“Insiders”**

Any and all agreements with any insider, except for those specifically agreed to in writing by the Principal Holders, shall be terminated on or before the consummation of the Restructuring and all accrued but unpaid amounts owing to them (except for unpaid salary and amounts owing pursuant to any then existing employment agreements) shall be waived upon consummation of the Restructuring.

**Drag/Tag  
Rights/Preemptive  
Rights in the  
Stockholders  
Agreement**

The Existing Stockholder will have customary tag-along rights with respect to certain sales by the Holders. The Holders will have customary drag-along right to cause the Existing Stockholder to participate in certain sales by the Holders.

The Holders and the Existing Stockholder will have preemptive rights with respect to the issuance of new equity securities of DBSD (subject to customary carve-outs).

**Charter Documents**

All charter documents for DBSD to be satisfactory to DBSD, ICO Global and the Principal Holders.

**Mechanics**

The parties shall agree upon the precise mechanics for implementing each of the transactions contemplated by the Restructuring and the Pre-Arranged Plan.

**Documentation**

All documentation prepared in connection with the Restructuring, including without limitation, the Definitive Restructuring Documents, and any documents, motions, pleadings, orders or the like prepared or filed in connection with the chapter 11 cases shall be in form and substance satisfactory to the Principal Holders, ICO Global and DBSD.

**Releases**

The Holders shall provide a release to the Existing Stockholder and existing directors and officers and their respective affiliates and advisors. DBSD and its affiliates, including ICO Global, shall execute a release of any claims they may have against the Holders, their respective officers and directors and their respective affiliates and advisors.

**Tax Issues**

Parties to discuss methods to preserve value of available NOLs and other tax considerations.

**Fees & Expenses**

DBSD shall pay the fees and expenses of the Holders in connection with the Restructuring, including the advisors to the Holders, who shall be selected by the Principal Holders. DBSD shall, in advance of any chapter 11 filings, pay all invoiced accrued and unpaid fees and expenses of UBS and Milbank Tweed through the date immediately preceding the anticipated filing date, and provide a customary retainer to such advisors.

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**Strategic Discussions**

To the extent that DBSD or ICO Global have discussions with any third party concerning any business combination or other strategic transaction involving DBSD or any significant portion of its assets (a "Strategic Transaction"), the Principal Holders' advisors, specifically UBS and Milbank Tweed, shall be entitled to participate in any such discussions, subject to required confidentiality arrangements (which shall provide that the advisors may receive information and participate in such discussions if they enter into a customary confidentiality arrangement). Neither DBSD nor ICO Global shall enter into any binding agreement or commitment with respect to any Strategic Transaction, including any agreement or commitment obligating DBSD to pay or reimburse expenses, break-up fees or other fees without the prior consent of the Principal Holders.

**No Waiver**

Nothing herein shall affect in any way, nor be deemed a waiver of, any of the rights of DBSD or any Holder under the indenture for the Notes or any other document or under applicable law. Nothing herein is intended to waive, limit, or restrict the ability of any of the foregoing parties, in whatever capacity, to protect and preserve their rights, remedies and interests against DBSD or any third party, whether under the indenture for the Notes, any other document or applicable law.



**Attachment 1**

**Principal Holders**

GOLDENTREE

GOLDMAN SACHS & CO

OCH-ZIFF CAPITAL MANAGEMENT GROUP

PLAINFIELD ASSET MANAGEMENT

RAPTOR GROUP

HIGHLAND CAPITAL MANAGEMENT